

2007-2008 PERFORMANCE PLAN – Portfolio Manager / Corporate Governance (Michael Riffle)

Page 1 of 2

Quantitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|-------------------------------|--|---|
| 10% | Global Equity Performance | Excess return in basis points relative to global equity performance benchmark. (GLOBLIC vs. CPERSGE2) | -50 basis points = 0 -10 basis points = 1.0 +15 basis points = 1.5 |
| 10% | Focus List Performance | Excess annualized return of 3-year Focus List Program (Focus List Companies) to a custom S&P Peer Industry relative benchmark. (32%) Excess annualized return of 3-year Focus List Program (Monitoring List Companies) to a custom S&P Peer Industry relative benchmark. (8%) Measures annualized return performance of the 2005, 2006, and 2007 Focus & Monitoring List Companies up through June 30, 2008. | 0 basis points = 0 +200 basis points = 1.0 +400 basis points = 1.5 |
| 40% | Corporate Governance External | Excess return of CalPERS' external managers under the oversight of the Corporate Governance PM relative to their respective benchmarks. Governance funds asset weighted by invested capital. (SN6KA1 vs. CPERSEC2). | + 75 basis points = 0 + 175 basis points = 1.0 + 275 basis points = 1.5 |
| 25% | Corporate Governance Internal | Excess return of CalPERS Internal Relational Portfolio compared to the Wilshire 2500 (SW8B vs. Y082) | 0 basis points = 0 + 100 basis points = 1.0 + 200 basis points = 1.5 |
| 85% | Subtotal | Quantitative Measures | |

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Page 2 of 2

Qualitative Performance Measures

| Weight | Factor | Performance Measure | Incentive Schedule |
|--------|------------|---|--------------------|
| 15% | Leadership | <p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> • Within Investment Group (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g., involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) | From Schedule |
| 15% | Subtotal | Quantitative Measures | |
| 100% | Total | Quantitative and Qualitative Measures | |